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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 17, 2002

APPLICATION OF

UGI ENERGY SERVICES, INC.

CASE NO. PUE-2002-00524

For a license to conduct  
business as a natural gas  
competitive service provider

ORDER ACCEPTING GUARANTEE OF PERFORMANCE

On November 22, 2002, the State Corporation Commission ("Commission") entered an "Order Granting License" to UGI Energy Services, Inc. ("UGI" or the "Company") for the provision of competitive natural gas services to commercial and industrial retail customers in the retail access programs of Washington Gas Light Company, Columbia Gas of Virginia, Inc. and throughout the Commonwealth of Virginia as the Commonwealth opens up to retail access and choice. In its Order, the Commission further directed that the license granted therein was subject to the conditions specified in the Staff's November 18, 2002, Report. Ordering Paragraph (2) of the November 22, 2002, Order provided that the Company must provide either a corporate guarantee from its parent or surety bond satisfactory to the Commission on or before January 31, 2003.

On December 11, 2002, UGI, by counsel, filed a "Guarantee of Performance" with the Commission. According to UGI, its

guarantee is given by UGI Corporation, UGI's parent Company, to assure the performance by the Company as a competitive natural gas service provider. Under the terms of the guarantee, the total liability of UGI Corporation is limited to the lesser of all amounts owed by UGI to the Commission or \$250,000. The guarantee provides that it will remain in effect until April 30, 2004, and for such additional period thereafter as may be agreed to by UGI and the Commission.

NOW UPON CONSIDERATION of the foregoing, and having been advised by its Staff, the Commission is of the opinion and finds that the Guarantee of Performance filed by the UGI on December 11, 2002, is acceptable to the Commission and should be filed in the Office of the Clerk of the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The Guarantee of Performance filed with the Commission on December 11, 2002, shall be accepted for filing in the Office of the Clerk of the Commission.

(2) This matter shall remain open, pending the receipt of any reports required by the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 et seq., as well as any subsequent amendments or modifications to the license granted herein.